“Samvardhana Motherson International Limited Q2 FY2023 Earnings Conference Call”

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Management:

Mr. Vivek Chaand Sehgal,
Chairman

Mr. Laksh Vaaman Sehgal,
Director

Mr. Pankaj Mital,
COO and Whole Time Director, SAMIL

Mr. Kunal Malani,
CFO, SAMIL

Mr. Char Zawadzinski,
CEO, Modules and Polymer Products Business Division

Mr. Vipin Jain
CFO, Modules and Polymer Products Business Division

Mr. Rajat Jain,
COO, Vision Systems Business Division

MODERATOR: Ladies and gentlemen, good day, and welcome to the Q2 FY2023 result Conference Call of Samvardhana Motherson International Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. I now hand the conference over to Mr. Vivek Chaand Sehgal. Thank you and over to you, Sir!

Vivek Chaand Sehgal: Thank you very much, good evening ladies and gentlemen. Thank you for joining us. The board approved the second quarter results and we are happy to report our improved performance. As a synopsis of the quarter, SAMIL has reported strong improvement in operating performance with the highest ever quarterly revenue for the second time in a row and steady Q-on-Q growth for the last five to six quarters. Improvements in profitability are on the back of efficiency programmes and part realizations of the inflationary cost pass-throughs. Our production volumes have grown this quarter as supply chain issues recede, but are still below 10 to 15% pre-COVID level at a global level. This improvement in external environment is a welcome change, but it still remains very volatile and uncertain and continued inflationary pressures. Though there are improvements but remain the work in progress quarter for us and we always say best is yet to come. With this I like to call upon Vaaman and Kunal to take you through the results quickly and then we can take your questions as you may have. I have a full team here Vaaman, Pankaj, Kunal, Rajat and Vipin Jain thank you all very much. Over to you Vaaman.

Vaaman Sehgal: Thank you Papa, good evening everyone. As papa was mentioning we have posted our highest quarterly revenue for the second quarter in a row. We have actually grown 4% quarter-on-quarter and 30% year-on-year. All our business have grown. You may want to know that this has happened in a quarter which has traditional been a leaner quarter for us given the summer holiday shutdowns in Europe and America. Two things have aided this, one is the automotive production trends. From the industry perspective, better/more stable supply chain enabled production of over 21 million vehicles across the globe this quarter. With China being the clear outperformer with more than 30% growth as seen on slide 8. India continues to grow with 8% volume increase. Commercial vehicles have however remained largely flat with China still showing 6% decline quarter on quarter. The second is the premiumization trend. Even though Europe was down 10% quarter on quarter as seen on slide 8 & 9, the impact of premium vehicles was not really visible and continue to be flat or in fact growth was seen in North America. Our disproportionate share in premium vehicles has really helped. Premium also aids the content increase for us and also the impact of interest cycles on premium vehicles should be less muted. It will also be heartened to note that our order book in SMRPBV as shown in slide 18 has grown from 13% from 16.1

billion to about 18.2 billion. The other great thing is that the share of EVs in this has grown from 27% to 37% now that is reflective of our strong technological capability.

For the first time we have also provided our total order book of booked business of €33.9 billion for SMRPBV. On the profitability side our EBITDA at 8.2% grew to nearly 1500 Crores which is 30% growth quarter on quarter and 47% year on year. PAT at 246 Crores grew by 75% quarter on quarter and tripled versus Q2 FY2022. All business division as seen from slide 25 onwards have reflected this improvement of course albeit at different levels. The growth is considering two one off items. The first one, the geopolitical situation in Russia- Ukraine keeps getting elongated. So OEMs have limited or halted the activity in the region. We have thus considered a comprehensive impairment provision of our assets in Russia of 112 Crores including reversal of deferred tax asset of 14 Crores. The second one we have received 46 Crores so far on insurance claims that we filed for floods that happened in our plants in South Africa in Durban. Cost of these were already booked in earlier quarter. Both of these have been highlighted in the financial slide such as on slide 11 and slide 20. The improvement in profitability has to be seen against the backdrop of continued inflationary trends where across the globe unprecedented levels of inflation have prevailed as seen on slide 5. Some commodities like copper has reduced, but generally the environment remains very volatile and still unpredictable. On one hand we are trying to actively manage risk such as energy cost through energy reduction measures, alternate sourcing and these are all shown illustratively on slide 6. At the same time we continue to work with the customer to find win-win solution while some aspects of inflation have been passed through price increase, it still remains a work in process. Kunal would you like to add.

Kunal Malini: Sure Vaaman thanks. Hi everyone good evening. In addition you may want to note that India remains a very significant portion of our business with over 24% of our gross revenues coming from India in the half year period and that has grown by 40%. 30% of our EBITDA comes from India and over half of our profitability is coming from India. This is reflected on slide 15 as well. Given our presence in our home country being India we continue to invest in it both to meet existing growth requirements as well as to expand product portfolio. In fact as you would have seen now on slide 22, we have a disproportionate presence in emerging markets comprising nearly 50% of our sales. We plan to share these on half yearly basis for you to understand the developments that occur during that period. Also on the leverage side you would have seen on slide 12 that our debt has increased by nearly 300 Crores to 8.5 thousand Crores. This is largely driven by enhanced working capital requirements, between pre-COVID and post-COVID you would have seen a 10 day increase in inventory. We have shown that on slide 13 which on a 10 day basis has an impact of about 2000 Crores that is the additional amount of capital that we have invested in inventory. As Vaaman was mentioning, some of the supply chain recedes we should expect this to normalize going forward and hence the reduction as well as release of capital from working capital going forward. On the leverage side because of the improved EBITDA on the leverage ratio side, the net debt to EBITDA has come down from 2.1 to 2 and with some of the deleveraging parts on working capital as well as improved performance, we expect the net debt leverage to further improve from here.

On the capex side we continue to monitor the situation very closely. We had guided the market to 2.5 thousand Crores plus minus 250. We have spent only roundabout 850 Crores of it. Given the environment this might go up a little bit next quarter but at an aggregate level for the year we should still be within the mid to lower end of our range of 2.5 thousand Crores plus minus 250. On the inorganic side, we announced two transactions. One was the acquisition of the frame manufacturing business from Daimler in India and the acquisition of mirror business of Ichikoh Industries in Japan. Both of these are great testaments of our strong customer relationships. The mirror one also adds a much needed stronger presence for us in Japan. This has traditionally been a white space opportunity for us and with Ichikoh coming in, we should be able to leverage the presence now in Japan to grow all our divisions there. Finally the strong balance sheet that we have with the improving profitability trends it does provide the right mix to enhance our growth both organically and inorganically going forward. Thank you over to you Sir.

Vivek Chaand Sehgal: Thank you very much that was just the introductory because we have changed a lot of our presentations but over to you for question and answer please.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Kapil Singh from Nomura. Please go ahead.

Kapil Singh: Good evening Sir, congratulations on a very strong set of result. My first question is on the revenues itself. If you look at Vision Systems Division we have grown by 16% on quarter on quarter basis. I just wanted to understand that if we look at underlying industry growth that we have seen in the presentation of our modules and polymers products division, growth is around 4% Q-o-Q so if you could just talk us through what are the drivers for this growth and you expect the further build out of revenues from these levels as we go ahead.

Vaaman Sehgal: Okay thanks so I think lot of our market came back in North America and China, of course China was muted last few quarters due to the lockdown etc. We saw those markets bounce back and in general I think launch of the programmes and good take from the customers on our products is what has resulted in the sales growth that you see in this quarter. As you know now with the acquisitions that have come in of course this will further help our growth opportunities and growth prospects of the future as well.

Kunal Malini: If I am to add look the disproportionate share of growth that are seeing in Vision versus some of the other division on quarter on quarter basis is largely getting driven out of China as Vaaman was mentioning. As you know SMR has the largest presence in China and that is capturing the growth that we saw in China which is not necessarily true in other divisions. The share of business in China is much less in fact commercial vehicles in the wiring harness business has degrown in China which is also impacting it. It is just the geographic mix of the businesses that exist is why you are seeing difference in growth rates.

Kapil Singh: Okay any indications. What kind of mix do we have from China for that Vision System.

Vivek Chaand Sehgal: I think the Ichikoh thing will come in by May but there many things which they have on cards.

Rajat Jain: Yes so we are primarily with the global OEMs in China but then we are also growing gradually. We are going stronger with the local Chinese OEMs as well. So amongst the organized manufacturers we are one of the major suppliers so we have a very strong market presence in China.

Kapil Singh: Okay Sir the second question is if we look at the presentation we have also talked about inflation as well as gas prices or energy prices have seen a big spike in September quarter is this something that is already reflecting or should we be expecting some impact of these costs and how is the negotiation on this front going on with the customers.

Vivek Chaand Sehgal: We may not want to comment too much about the negotiations and all that but Kunal can you explain how much we have taken. We follow the mercantile system whatever is in the bank is what we have reported. There are still many customers - may be their negotiation style is to do it in the 6 month or in the end of the year. So all those particular challenges are there so I think what is in the bank is already shown to you but still negotiations are going on for all the customer because we are not fully satisfied that all has been paid, but Kunal you want to add something on that.

Kunal Malani: Yes Kapil just so that you understand how volatile the situation is. If I take energy price as an example over the last 6 to 9 months from the time Russia-Ukraine crisis have kick started the variations in energy prices from let us €30 to 40 where it used to be went at a point in time as high as 700 and seemingly down now at 100 odd. So that is the degree of volatility that is there on that price and it keeps on varying depending upon what the news is, what is happening at ground, what the governments are doing and so on so forth so from our perspective we have been trying to be as reactive as possible. We have started looking at actively trying to reduce the energy consumption, look at ensuring long-term contracts are in place to get energy availability with us and continuously monitor those situations to find opportunities as and when to reduce the risk associated with it. If you look at last quarter as you would have seen on one of your slides where the energy price had spiked those cost as Mr. Sehgal was mentioning is already embedded in this quarter itself. The environment is such that it is not that we can finish our conversations with the customer in one go and say all inflation passed because it remains volatile for us it will remain volatile for the customer as well and hence the constant quarter on quarter conversation is what is occurring now and we keep on having this conversation depending how things play out in that particular month quarter and so on and so forth and it varies by different customers. It is I would say proactive way of dealing with it in some way but we can only react to the market variables. We are not predicting the market variables and then trying to find a reaction for it. Part of some of these past things have come as price rises etc in this particular quarter but a lot more is work in progress and constant dialogue with the customer to see how some of these risk can be mitigated through win-win solution.

Kapil Singh: Thank you very much I will come back in the queue.

Moderator: Thank you. The next question is from the line of Raghunandhan NL from Emkay Global. Please go ahead.

Raghunandhan: Thank you Sir for opportunity and congratulations on very strong set of numbers. Sir on the EV side, the share of order book has been increasing for EV programmes, how do you see the share of EV revenues contributing over the next few years. Just to get a general sense on the ramp up and related to that given that EV components are more premium and the realization would be higher than that of IC components with scale picking up in these components would profitability be similar or better to IC components.

Vivek Chaand Sehgal: Definitely better. I mean you guys are going to pay much more for electric car. The customer also by requirement have additional requirements so the pricing is always you will get on the higher side.

Rajat Jain: I think as you would have already noticed we are getting more and more nominations on the EV platforms and I think the big shift that is coming is that it is not just the new generation EV makers but all the traditional OEMs are also getting very strong on the new EV platform introduction. So basically that is what is getting reflected in our order book also so what you see in order book is basically a reflection of how the OEMs are moving with their EV strategy.

Kunal Malini: If I might add, I think our 37% share in our order book is also reflective of the products capability to go to the premium end. You are all aware as EVs are typically carrying more content and are more expensive and that requires more premium features to come into it which is what we are traditionally been well at and that is again getting reflected in the order book. In addition our business today is slightly more than 5% on EVs and when you see our order book which is growing quite substantially, the share of this will become more and more in our revenues going forward.

Raghunandhan: Thank you Kunal. On gas prices 80 to 90% of gas requirements are hedged for some of your peers like Faurecia just wanted to understand your thoughts.

Vivek Chaand Sehgal: Please do not take comparisons with other companies. You can ask about us we will tell you so we do not know what they are doing how we can respond to that.

Raghunandhan: Just wanted to hear your thoughts on how you are trying to hedge the requirements what is the kind of cost increase expected based on the hedging rate.

Vivek Chaand Sehgal: Kunal can you take. I do not want any comparison with other companies. We have to give a response on our own for our company. Go ahead please.

Kunal Malini: Exactly we even do not know what the other companies are doing so very difficult to make any comparison. Look from our perspective as I have mentioned we have been actively pursuing the market to understand its different variables and seeing what is the best way of doing it. If I were to put it in different stages what is controllable with us is something obviously that we want to do upfront and as quickly as possible which is try to see wherever there are energy reduction opportunities we are able to capture those, so that is an activity that is being undertaken and hopefully delivers the energy reduction element. It is also part of our sustainability endeavor in any case so it was always there, it is just getting in some fashion accelerated to see that we can get this benefits as quickly as possible. The hedging if you were to look at it if it would have done the hedge couple of months back the price was close to 600, today it is at 100 so had we done the hedge we would have been sitting on a big loss today on that account so we have been taking it opportunistically depending upon what things come our way and it is not something that we are doing it as a strategy to see that there is a hedge. What we have done more importantly is got into longer term contracts to make sure there is availability of energy. So some of the companies we have taken this long term contract though the pricing may not be on a long term hedge basis.

Raghunandhan: Thank you Sir. On slide 7 you have given about geopolitical crisis on how 20% of SAMIL revenue is coming from four countries where there is some dependence on Russia. Would you see the rationing of gas as a threat or would that not make a difference on the industrial site.

Kunal Malini: Look that estimate is driven by whatever are the public sources, there would be enough number of public analysis around it whether it will have an impact not as an impact is frankly the government is doing. It is not that we can do anything about it we can only react to it. But what we know today is the German government has got it natural gas pretty much filled up. It is 96 or 98% of its requirements are already in the form of reserves so the availability should not really be a concern. If I look at Hungary which is the other dependent one their relationship with Russia at least seems to be little bit more positively inclined on gas availability and they have been able to sign some long term contracts with the Russian producers and then you have someone like Germany offering a 200 billion subsidy programme on the energy where the exact details of this I believe is still being worked out so how much of this starts playing out we do not as yet but needless to say the governments are doing as much and more as they can to make sure this is as quickly mitigated as possible.

Raghunandhan: Thank you Sir. Thank you very much. I will come back in the queue.

Moderator: Thank you. The next question is from the line of Jinesh Gandhi from Motilal Oswal Financial Services. Please go ahead.

Jinesh Gandhi: So my question pertains to how are we positioned in the volatile forex environment given our global operations so two part question. One is A how should we see our exposure to forex in the global business and two is there any positive or negative impact of forex in current quarter.

Kunal Malini: If you look at the last slide of our presentation it has the different exchange rate. You would see that on the INR to dollar side things have depreciated, on the euro side things have appreciated. As you are aware on one end we have tried to do asset liability matching up as well, so we have dollar loan as well, euro loan as well which to some extent has mitigated with the change in exchange rates and correspondingly the businesses exist both in euros as well as in dollars and hence on INR basis again things have mitigated to some extent but beyond that are we doing any active translation exchange rate management, answer is no. Let us say our policies are driven by making sure that we are able to produce and have an exposure in the same currency in which we are selling. So what we are ultimately getting exposed to is only the profitability part and the exchange rate associated with that and not at an operating level where we have tried to make sure that the currencies are getting matched up to the best extent possible so hence it is only the translation piece which may have some impact, but there also you have liabilities to support some of the impact. At least in this particular quarter dollar and euro have moved in opposite directions so impact is negated to a large extent.

Jinesh Gandhi: Okay so basically not much of cash flow impact it could be translational impact there is not much impact in the business.

Kunal Malini: That is right.

Jinesh Gandhi: Great thank you.

Moderator: Thank you. We have the next question from the line of Chirag Shah from Nuvama. Please go ahead.

Chirag Shah: Thank you, congratulations on a good set of numbers. Sir I have a question that when we look at our historical performance over the last few years our upgraded EBITDA number is largely in a range. I understand there is a demerger impact in this but even if I adjust for that our absolute EBITDA number is largely in a particular range. Now given a lot of efforts that we have put in restructuring the businesses and bringing in a strong operating leverage when the revenue comes back, from here on how should we look at this upgraded EBITDA number? What are the drivers internally that you think would drive the upgraded number on the higher side. So if I just for the convenience for this annualizing H1 performance of say 2500 Crores odd of EBITDA that we have done if you want to see a significant ramp up question number 1 what kind of revenue is required? Is there a big change in the revenue structure that will required and at what level operating leverage will actually start paying out for us to see the benefits of the efforts that we have put over last 2 to 3 years. I understand that you will not share the details, but I am trying to qualitatively understand how should we look at it given lot of uncertainties around, it would be really helpful if you can guide on this.

Vivek Chaand Sehgal: The first thing the answer is already embedded in your question. If there is going to be uncertainty then there is going to be a lot of opportunities as well. So I think what is important for you to understand is how good we are with the acquisitions, the kind of numbers that we are putting on the floor and as well in our projections. So there is a huge driver that is going to come because of the uncertainty that you say is there so it will be there in the future that itself will drive, but I will ask Vaaman to answer this question because it is important.

Vaaman Sehgal: I think the question would perhaps be more relevant as we have couple of more quarters of stability in the business and then see a breakout as the revenues continue to grow with the booked business would give you more clarity on the order book also the combined business for SMRPBV and hopefully in the future for the other businesses as well. So I am confident that as things settle down little bit with the cost we are driving really hard the operational efficiencies of course we do not guide on EBITDA margins I have given you the example before that look with the technology etc is also changing so we should look at the absolute growth in EBITDA and ROCE rather than just looking at percentages because our product is constantly changing I do not think it is the most relevant thing to look at and we should look at all those businesses that have been in Motherson for larger than 5 years so taking out Greenfield, taking out recent acquisitions all of those investments that we have made which have been with us for more than 5 years and seeing the ROCE that they are delivering and the absolute growth in the return I think that is relevant but of course in an environment where you are having constant pressures such as hyperinflation, you are having energy prices which are out of our control. You are having start and stop production, semi conductor shortages it is kind of really hard to answer your question when it is not really business as usual. I would just like you to be little bit patient. I think the team has done extremely well that even in these challenging conditions brought the cost under control, got support from our customers and continue to chip away at more cost and continue to drive the business even though we have some of the toughest condition to really work under so kindly be patient and let us have answers to these questions when we are having couple more quarters with little bit more stability and you see that the teams efforts at producing the cost base and increasing the efficiencies does really plays out even more.

Chirag Shah: Second question would be say that say if I take Q2 as a revenue base can we assume that this revenue base most of our fixed cost are covered in that sense and incremental revenue whatever flows through that operating leverage angle would start flowing through or there are certain fixed cost which are yet to be fully covered or which are linked to as more revenue as more project starts then we certain more fixed cost lined up all that part is largely covered and if revenue is growing from here only.

Vivek Chaand Sehgal: Chirag you should see the first quarter results that is what we were telling you that in spite of all the things of not getting the payments, I mean the price increases whatever yet we were profitable and yet we were growing that is already proof in your bag.

Vaaman Sehgal: Yes I think Chirag it is kind of difficult to generalize. You are really generalizing us as a company that has one product and one set of fixed cost. We are growing. We are expanding. We are into multiple products, so really I think we should get into perhaps product wise if should really want to have those kind of granular discussion. But definitely all business have a certain level of fixed cost and then the operating leverage play out but very difficult to give you a very general answer. I think in the challenging condition that there is. I think we have to look at in the context so definitely when we talk about some of the investments that we have made in increasing our capacities etc they have all been done so all the additional business that will come and the growth that will come based on these capacities they should definitely play out but again very, very hard to give you an answer on such a diverse set of products because I think it would be more relevant if we were only doing one product and then you could decide what the fixed cost is for manufacturing that.

Chirag Shah: Last question housekeeping if I can squeeze in is there any lag effect of price increases coming from OEMs that we have accounted in this quarter which could be for earlier quarters? Is there any of that thing which has helped in this quarter?

Kunal Malani: Yes Chirag as I mentioned earlier, you today go and talk about that price of energy is €100, you will come back home next day morning, it will be €120. So as I was mentioning it is an every day a fair of trying and managing the inflation, the different cost structure that exists and it is a constant endeavor to work with the customers to try and see what are the best win-win solutions. I mean the solution is not only frankly price hike. There are engineering changes that can be done to improve some of the parameters associated with this and so on. Hence there are multiple different kind of conversation that are ongoing. We did think about how do we showcase what is past, what is current and so on and so forth and frankly the reality is if we think its past in some of the cases, like commodities may have also eased out to some extent or stabilized in some extent and some of the other situation something may have spiked up like wage inflation in Mexico spiked up so there are so many different variables that plays that it became very, very difficult to find a common theme to be able to highlight that. So the best I can say is frankly it is work in progress there are some portion so it which have got passed through which is what we are referring to in our presentation and there is still fair amount of conversations ongoing which should hopefully fructify in the next few quarters.

Chirag shah: Yes, thanks a lot and all the best.

Moderator: Thank you. The next question is from the line of Pramod Amthe from InCred capital. Please go ahead.

Pramod Amthe: Yes hi. Thanks for the opportunity and thanks for the detailed presentation and the disclosure. First question is in regard to the EV order book it seems to be a pretty impressive jump from 27% to 37%. Considering you have wide areas of businesses and each of them have a different technical capability to win these orders. Would you help us understand, where and which regions might have helped you to jump up drastically on this one?

Vivek Chaand Sehgal: Okay that itself is very wide question. But Kunal can you give him a taste of the varieties? What is very important the ability of Motherson is that we are giving the diversity and that also creates tremendous mote for us. Because we are becoming more and more suppliers of choice and you will see that time and again in the order book and the execution of the things. Even the difficult times, we have picked up over $2 billion worth of order which lot of people thought would be very difficult for us. But anyway, Kunal could you try to answer this?

Kunal Malani: Pramod, number one you may want to know this is in reference to the order book that we have for SMRPBV which is largely the vision vertical and the module and polymer vertical. So those are the two large verticals represented in the SMRPBV. That is where the share has gone to 37. May be Char you want to give specific examples of how we have been able to win share of businesses in EV anything special that we are doing? Maybe that will help Pramod.

Char Zawadzinski: I am happy to help. I will address this Kunal. So if you look at modules and polymer we have a very, very healthy order book in a range of over €12 billion that is going to become now into realization or SOP if you will in the next year or two years ahead of us. If you look at the portfolio of where those revenues are coming from, we continue increasing our proliferation of different regions. So historically you will see a very strong presence in Europe. We still maintain a very strong presence in Europe. but other regions like China, like North America, South America are becoming larger part of our portfolio helping us derisking the organization and being dependent on specific regions. We also have a large growth in electric vehicle. On page 18 and you will see in detail what we are talking about. Working is of course under specification of customer portfolio. The premium car vehicles are significantly larger part of our portfolio in polymer growth which works for us very well under the current circumstances, but we also have a very good presence in midsegments and entry segments in other regions than Europe. I think all in all due to very good portfolio and order book we are having strong growth.

Rajat: Yes look I think maybe Char explained how we have grown across the regions but if we look at the driving factors of what is I think is pulling more nominations on the EV per se. I think it is the ability of the organization to deliver very quickly on the new programmes because most of the EV makers are trying to catch up and that is where they are looking at very short timelines. I think that is one of the big drivers, our ability to engineer very quickly. Also it is about the content so most of the EV mirrors are again coming with very high content and that is where I think competitiveness also plays a big role so our larger market share of growing nomination on EV side is also a reflection of our strength in that and then I think the overall capability and trust that we have from the customers is also helping us gain more share. So overall I think it is very well placed to get more and more EV share and I think that is what is getting reflected in the order book as well.

Pramod Amthe: Thank you for the detailed answer. My second question is to Kunal on this slide 14 where you have in detail talked about working capital inventory post COVID it seems that structurally it has been elevated how do you see normalizing are there any chances of normalizing or where are the levels we expect the inventory to normalize and some run down to happen on the inventory days and hence your working capital days.

Kunal Malani: So Pramod so you would see a very sharp increase in inventory as seen on that slide which is consuming over 2000 Crores of capital right now or extra inventory that we are carrying. This is an impact or effect of the supply chain volatility where inventory obviously becomes the first measure to try and see that customer lines are not impacted by supply chain volatility. Now as you would have seen like the supply chain pressure index which is looking downward now some of these issues seems to be resolving or at least receding to some extent. It remains volatile, but directionally at least receding hopefully and as more confidence comes into the supply chain we should be able to reduce this inventory levels back to more normalized points. How quickly is a little bit of an unknown thing but yes we should hopefully see directional improvement coming as there is more confidence on the supply chain.

Pramod Amthe: Thanks a lot.

Moderator: Thank you. The next question is from the line of Prateek Poddar from Nippon India Mutual Fund. Please go ahead.

Prateek Poddar: Hi just on slide 32 you have called out 400 million USD worth order book on the aero space side is that understanding correct.

Kunal Malani: Yes that is right.

Prateek Poddar: So over what period is this supposed to be get executed Sir and I am assuming that you follow the same rules which were there when SMRPBV order books were disclosed so moment of order gets into SOP. You completely knock it out of the order book.

Kunal Malani: So number one Prateek you want to note this is booked business not order book the difference being this includes work in production. Number two you should think about this as potentially 6 to 7 years kind of space.

Prateek Poddar: Kunal when you say 30% growth let us say last quarter this was roughly around 300 odd million which has now become 400 million right.

Kunal Malani: Absolutely right.

Prateek Poddar: Okay secondly just Kunal one small help if you can if I were to just go back to India share of business which you have highlighted on one of the slides could you call out how much of your EBITDA coming in H2 FY2022 from India business and H1 FY2022 also is it possible.

Kunal Malani: H1 this year I can tell you. I do not have it offhand what it was last year

Prateek Poddar: It was 30% right so you do not have that offhand could you disclose this is it possible for you disclose H2 FY2022.

Kunal Malani: We have disclosed it. I think the PAT number if I remember right was I think 55% if I remember right or greater than 55% or 45% something like that. I can get back to you I think we have disclosed this at least in H1. It was not very different to the current share of profit give or take 5%.

Prateek Poddar: Okay thanks and all the best. Thank you.

Moderator: Thank you. The next question is from the line of Arvind Sharma from Citigroup. Please go ahead.

Arvind Sharma: Hello and good evening Sir thanks for taking my question. Sir just a question on this one off thing on slide 3 could you please let us know where exactly it is accounted if it is SMRPBV in the euro terms and also if you could share PBT and PAT.

Kunal Malani: Just to clarify you are referring to Russia impairment is that what you are referring to.

Arvind Sharma: Yes Sir the slide 3 the notes that you have given those 98 Crores, 14 Crores total so exactly which entity are they sitting in. if it is SMRPBV then the euro terms and then SMRPBV PBT and PAT.

Kunal Malani: Right there is a SMRPBV presentation that has been uploaded as well so you will get it there. Vipin may be you can help me what SMRPBV here you would see the PKC piece that is over and above what is there is SMRPBV. PKC also has presence in Russia so the wiring harness piece if I remember right is €7.7 million is what has been booked in SAMIL the rest is coming in SMRPBV. The other portion which is the Durban insurance claim that is lying in SAMIL directly that is part of the module polymer business of erstwhile MSSL and now SAMIL.

Arvind Sharma: Alright Sir and if you could share the SMRPBV PBT and PAT number unfortunately I could not see that in the presentation may be I am missing it but if possible can you share that.

Vipin Jain: I do not have the number offhand with me but I just have to clarify the complete interim report which is the complete consolidated financial statement on an unaudited basis are already uploaded on the website and from there we can see the PBT and PAT number.

Arvind Sharma: Sure Sir we will do that. Thank you so much.

Moderator: Thank you. The next question is from the line of Kapil Singh from Nomura. Please go ahead.

Kapil Singh: Yes just a follow up on the external environment the concerns that we are seeing if you could comment both from the point of view of how the customers are looking at Motherson from market share perspective or incremental orders perspective and also from an acquisition perspective because I remember some of our best acquisition have happened in periods where the external environment has been quite tough so how are you thinking about it, what are the kind of opportunities you are seeing just some qualitative colour on that would be helpful.

Vivek Chaand Sehgal: Definitely Kapil. The thing is that people forget that more the problems that happen in the world that many more opportunity doors also open up. Our M&A teams have requested time and again for more solutions, you noticed it has been appearing in the papers also but we would only take a company over if we think if that is going to be EPS accretive or something where the customers standing behind us. So obviously all these things are going to sort of give you a little bit of concern but we in Motherson have a huge plethora of companies that actually support acquisitions and all that. But Vaaman would you want to add something over here.

Vaaman Sehgal: No papa I think you covered it lots of opportunities absolutely and with the performance that the team is putting up it opens up more opportunities and the confidence of the customers is even more there.

Vivek Chaand Sehgal: I think one thing is very important which you asked it is important for me to cover it. You asked me if the customers are worried about the market share that we might have something like that but think about it there are so many companies which are not there anymore who were supposed to be our competitors in the products that we are getting into. It is something which is very interesting. A lot of our so called competitors themselves are in very big trouble and are extended beyond these things so more and more we are seeing big companies, car companies coming to us, asking us to solve their problems. That is going to be there when we announce the other acquisitions which will come as per the time limit at the moment which is there, but you see that the customers' confidence in Motherson is only increasing.

Kapil Singh: Okay great to hear that all the best.

Moderator: Thank you. The next question is from the line of Jay Kale from Elara Capital. Please go ahead.

Jay Kale: Thanks for taking my question. Sir just one question clarification on your income from JV and associates line item in your consol results. Just a clarification that includes your profit from Motherson Sumi Wiring and Motherson Sumi Wiring profits have been quite steady this line item for the last four quarters odd have been quite volatile with some bit of loses also coming into so you just throw some light how to look at this line item going forward and what are the other JV which may be under pressure if at all.

Kunal Malani: You are right it does incudes the profitability of MSWIL but then that is only one of the many, many JVs that we have. Currently I think 26 or 27 different ventures in there so fairly long list of things some doing well, some not doing so well, some in the investment phase and so on and so far so different JVs being in different forms of growth and it is the maturity that is the business as in, so difficult to really say. I mean it will frankly remain a bit volatile given the nature of the number of JVs that are embedded in this.

Jay Kale: Okay understood thanks and all the best. That is all from my side.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Vivek Chaand Sehgal for closing comments.

Vivek Chaand Sehgal: Thank you very much. We are trying to improve the information that we are giving the presentation is a good way to understand that. Secondly, we are asking all the top people in the group to be present in this call so that you can get straight answers from those guys. There is doubt about what will happen in the energy crisis which is going to be around the corner in Europe but I think it is fair to say that lot of countries have taken good measures to make sure that people are not without the job and all that, so believe me it has very tough for all the countries over there. I think the system of Motherson is very clear, whatever is the mercantile system, whatever is in the bank is what we are going to show you and what is in the negotiations and not yet with us in our bank account as my guru ji would say cash in bank is reality so we are very sure to follow that and wish you all the best and thank you all very much for attending this call. Over to you.

Moderator: Thank you. On behalf of Samvardhana Motherson International Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.